

Senate Bill No. 580

CHAPTER 340

An act to amend Sections 21200 and 21200.1 of the Financial Code, relating to pawnbrokers.

[Approved by Governor September 26, 2008. Filed with
Secretary of State September 26, 2008.]

LEGISLATIVE COUNSEL'S DIGEST

SB 580, Calderon. Pawnbrokers.

Existing law authorizes a pawnbroker to charge or receive compensation at a rate not exceeding specified amounts based upon the unpaid principal balance of the loan, but at least \$1 per month. Existing law also limits the loan setup fees a pawnbroker may charge. A knowing violation of the laws regulating pawnbrokers is a crime.

This bill would increase that minimum charge to \$3 per month. The bill would also prohibit the loan setup fee from exceeding \$5 or 2%, whichever is greater, for each loan and from exceeding \$10.

Because a knowing violation of this bill's provisions would be a crime, the bill would impose a state-mandated local program.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

The people of the State of California do enact as follows:

SECTION 1. Section 21200 of the Financial Code is amended to read:

21200. (a) Except as otherwise provided in this chapter, no pawnbroker shall charge or receive compensation at a rate exceeding the sum of the following:

(1) Two and one-half percent per month on that portion of the unpaid principal balance of any loan up to, including, but not in excess of two hundred twenty-five dollars (\$225).

(2) Two percent per month on that portion of the unpaid principal balance of the loan in excess of two hundred twenty-five dollars (\$225) up to, including, but not exceeding nine hundred dollars (\$900).

(3) One and one-half percent per month on that part of the unpaid principal balance in excess of nine hundred dollars (\$900) up to and including, but not in excess of, one thousand six hundred fifty dollars (\$1,650).

(4) One percent per month on any remainder of the unpaid principal balance in excess of one thousand six hundred fifty dollars (\$1,650).

(5) A charge not exceeding three dollars (\$3) a month on any loan when the monthly charge permitted by this section would otherwise be less than that minimum charge.

(b) One month's interest may be charged for any part of the month in which pawned property is redeemed.

SEC. 2. Section 21200.1 of the Financial Code is amended to read:

21200.1. A loan setup fee not to exceed five dollars (\$5) or 2 percent, whichever is greater, may be charged for each loan. However, the maximum loan setup fee shall not exceed ten dollars (\$10). Loan setup fees are in addition to any other allowed charges.

SEC. 3. No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution because the only costs that may be incurred by a local agency or school district will be incurred because this act creates a new crime or infraction, eliminates a crime or infraction, or changes the penalty for a crime or infraction, within the meaning of Section 17556 of the Government Code, or changes the definition of a crime within the meaning of Section 6 of Article XIII B of the California Constitution.